

AMENDED IN ASSEMBLY APRIL 26, 2005

AMENDED IN ASSEMBLY APRIL 4, 2005

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL

No. 608

Introduced by Assembly Member Calderon

February 17, 2005

An act to amend Sections 789.10 and 10127.7 of the Insurance Code, relating to ~~the~~ life insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 608, as amended, Calderon. Life insurance.

Existing law regulates the sale of life insurance, in particular sales to seniors, including annuities, as specified.

This bill would require any person who meets with seniors in the home to discuss the purchase of certain policies as specified, to deliver a notice to the senior prior to the start of the meeting and to submit the signed notice with the application for purchase of that policy.

Existing law provides that life insurance policies with a face value of less than \$10,000, issued after July 1, 1974, shall contain a notice permitting the return of the policy within a period of time designated in the notice, which may not be less than 10 or more than 30 days.

This bill would provide that a life insurance policy or annuity with a face value of \$15,000 or less, issued after January 1, 2006, shall contain a notice permitting the return of the policy within 30 days.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION: 1. Section 789.10 of the Insurance Code is amended to read:

789.10. (a) This section applies to the sale, offering for sale, or generation of leads for the sale of life insurance, including annuities, to senior insureds or prospective insureds by any person.

(b) Any person who meets with a senior in the senior's home is required to deliver a notice in writing to the senior no less than 24 hours prior to that individual's initial meeting in the senior's home. If the senior has an existing insurance relationship with an agent and requests a meeting with the agent in the senior's home the same day, a notice shall be delivered to the senior prior to the start of the meeting. Any person who meets with a senior in the senior's home, *at the senior's request*, to discuss the purchase of specific life insurance policies or annuities having an initial face amount of fifteen thousand dollars (\$15,000) or less that are designated by the purchaser for payment of funeral and burial expenses, shall be required to deliver a notice to the senior prior to the start of the meeting. The notice must be signed by the senior and submitted with any application if the senior purchases the policy. The notice shall be in substantially the following form, with the appropriate information inserted, in 14-point type:

“(1) During this visit or a followup visit, you will be given a sales presentation on the following [indicate all that apply]:

() Life insurance, including annuities

() Other insurance products [specify]: _____.

(2) You have the right to have other persons present at the meeting, including family members, financial advisors or attorneys.

(3) You have the right to end the meeting at any time.

(4) You have the right to contact the Department of Insurance for information, or to file a complaint. [The notice shall include the consumer assistance telephone numbers at the department]

(5) The following individuals will be coming to your home: [list all attendees, and insurance license information, if applicable]”

(c) Upon contacting the senior in the senior's home, the person shall, before making any statement other than a greeting, or

1 asking the senior any other questions, state that the purpose of
2 the contact is to talk about insurance, or to gather information for
3 a followup visit to sell insurance, if that is the case, and state all
4 of the following information:

5 (1) The name and titles of all persons arriving at the senior's
6 home.

7 (2) The name of the insurer represented by the person, if
8 known.

9 (d) Each person attending a meeting with a senior shall
10 provide the senior with a business card or other written
11 identification stating the person's name, business address,
12 telephone number, and any insurance license number.

13 (e) The persons attending a meeting with a senior shall end all
14 discussions and leave the home of the senior immediately after
15 being asked to leave by the senior.

16 (f) A person may not solicit a sale or order for the sale of an
17 annuity or life insurance policy at the residence of a senior, in
18 person or by telephone, by using any plan, scheme, or ruse that
19 misrepresents the true status or mission of the contact.

20 SEC. 2. Section 10127.7 of the Insurance Code is amended to
21 read:

22 10127.7. Every policy of individual life insurance, or annuity
23 with an initial face value of fifteen thousand dollars (\$15,000) or
24 less, which is delivered or issued for delivery in this state on and
25 after January 1, 2006, shall have printed thereon or attached
26 thereto a notice stating that, after receipt of the policy by the
27 owner, the policy may be returned by the owner for cancellation
28 by delivering it or mailing it to the insurer or to the agent through
29 whom it was purchased. The period of time set forth by the
30 insurer for return of the policy by the insured shall be clearly
31 stated on the notice and this period shall be not less than 30 days.
32 The insured may return the policy to the insurer at any time
33 during the period specified in the notice. This delivery or mailing
34 of the policy by the owner shall void the policy from the
35 beginning, and the parties shall be in the same position as if no
36 policy or contract had been issued. All premiums paid and any
37 policy fee paid for the policy shall be refunded to the owner.

38 This section applies to all policies issued on or after January 1,
39 2006, and applies to any renewal thereof. All policies subject to
40 this section which are in effect on January 1, 2006, shall be

1 construed to be in compliance with this section, and any
2 provision in ~~such~~ a policy which is in conflict with this section
3 shall be of no force or effect.

4 This section does not apply to individual life insurance policies
5 issued in connection with a credit transaction or issued under a
6 contractual policy change or conversion privilege provision
7 contained in a policy.